

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



MAR 15 2010

Stephen Fitton, Director
Medical Services Administration
Federal Liaison Unit
Michigan Department of Community Health
400 South Pine
Lansing, Michigan 48933

ATTN: Nancy Bishop

Dear Mr. Fitton:

Enclosed for your records is an approved copy of the following State Plan Amendment (SPA):

- Transmittal #09-09 Reimbursement for services provided in Special Health Care Needs Facilities
- Effective April 1, 2009

If you have any questions, please contact Leslie Campbell at (312) 353-1557 or Leslie.Campbell@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Verlon Johnson". The signature is fluid and cursive, written over the printed name.

Verlon Johnson
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosure

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

9 - 09

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
April 1, 2009

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447 Subpart B

7. FEDERAL BUDGET IMPACT:

a. FFY 09 \$ ~~0~~ 1,382,292.00 *the*
b. FFY 10 \$ ~~0~~ 816,751.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Supplement to Attachment 3.1 A, page 40 and Attachment
4.19-B, page 18 and ATTACHMENT 4.19B page 1. b 1

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
N/A - new pages

10. SUBJECT OF AMENDMENT:

Services/reimbursement - special health care needs facilities

11. GOVERNOR'S REVIEW (Check One):

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:
Paul Reinhart, Director
Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Stephen Fitton

13. TYPED NAME:
Stephen Fitton

14. TITLE:
Acting Director, Medical Services Administration

15. DATE SUBMITTED:
June 26, 2009

16. RETURN TO:

Medical Services Administration
Program/Eligibility Policy Division - Federal Liaison Unit
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

June 26, 2009

18 DATE APPROVED:

~~March 15, 2010~~ March 15, 2010

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
04-01-2009

20. SIGNATURE OF REGIONAL OFFICIAL:

Verlon Johnson

21. TYPE NAME: Verlon Johnson

22. TITLE:
Associate Regional Administrator

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
(Other than Inpatient Hospital and Long Term Care Facilities)***

23. Payment Adjustments for physician services provided Children with Special Health Care Needs by Approved Specialty Providers (Title V Agencies)

Effective for services provided on or after April 1, 2009, a payment adjustment is made for eligible services.

The payment adjustment method determined by the Medical Services Administration is the lesser of:

- The difference between the fee-for-service (FFS) Medicaid fee screens and the average commercial rate paid providers affected by this payment adjustment.
- The difference between the FFS Medicaid fee screens and the provider's customary charge.

A provider's customary charge refers to the Amount which is charged in the majority of cases for a specific medical procedure exclusive of token charges for charity patients and substandard charges for welfare and other low income patients.

Children with special health care needs approved specialty providers receive a base payment equal to the FFS payment paid to other practitioners. Each fiscal quarter, the Medical Services Administration (MSA) generates a report for the affected providers. When the participating providers and the MSA confirm the accuracy of the report, the payment adjustments are determined. The payment adjustments are made for each fiscal quarter. The process includes a reconciliation that takes into account all valid claim replacements affecting claims that were previously processed.

TN NO.: 09-09

Approval Date: MAR 15 2010

Effective Date: 04/01/2009

Supersedes

TN No.: N/A new page

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
(Other than Inpatient Hospital and Long Term Care Facilities)***

Payment Adjustments for Children with Special Health Care Needs Approved Specialty Physicians.

Effective April 1, 2009, the payment adjustment method determined by the Medical Services Administration is the lesser of:

- The difference between the fee-for-service (FFS) Medicaid fee screens and the average commercial rate.
- The difference between the FFS Medicaid fee screens and the physician's customary charge.

The Average Commercial Rate is derived by calculating a weighted average by procedure code, of the non-governmental payers constituting greater than 50% of a practice or practice groups' Commercial Business. In order to derive the average commercial rate for procedures, any practice or practice group wishing to receive adjustments under this section must submit Commercial Fee Schedules that clearly demonstrate pricing information by procedure code by Commercial Payer, and indicate the percent of business each Commercial Payer constitutes of their total commercial business revenue. For purposes of this section, "business revenue" is defined as revenue received for professional medical services rendered.

A physician's customary charge refers to the Amount which is charged in the majority of cases for a specific medical procedure exclusive of token charges for charity patients and substandard charges for welfare and other low income patients.

Children with special health care needs approved specialty physician receive a base payment equal to the FFS payment paid to other physicians. Each fiscal quarter, the Medical Services Administration (MSA) generates a report for the affected providers. When the participating physicians and the MSA confirm the accuracy of the report, the payment adjustments are determined. The payment adjustments are made for each fiscal quarter. The process includes a reconciliation that takes into account all valid claim replacements affecting claims that were previously processed.

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